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OFFICE OF
THE TREASURY ATTACHE

UNITED STATES TREASURY DEPARTMENT
AMERICAN CONSULATE GENERAL

SHANGHAI, CHINA

January 12, 1939.

Commissioner of Customs,
(Investigative Unit),
Treasury Department,
Washington, D. C.

JWB

Sir:

China ✓

There are enclosed for the information of the Bureau
and other interested departments, copies of a report
entitled: "Candidates for the Japanese Opium Monopoly
Setup."

Respectfully,

Walter W. Weston
For the Treasury Attaché

EWJ.G

Enc.

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Counselor
Worrell

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Shanghai, January 12, 1939.

CANDIDATES FOR THE JAPANESE OPIUM MONOPOLY SETUP

According to information secured from an important official of the puppet Ministry of Interior, who is visiting Shanghai on private business, the Japanese authorities have decided to hand over the administration of opium trade to the Reformed Government, so as to avoid international criticism for their part in the narcotization of Chinese, as reported in a recent memorandum. A General Opium Suppression Bureau for the Three Provinces of Kiangsu, Chekiang and Anhwei has been established under the control of the Executive Yuan, but actually it is to be supervised by the Ministry of Interior. [The report submitted some time ago concerning the establishment of its head office at Broadway Mansions and the appointment of Mr. Yu Chun-ching (余春卿) to be the commissioner turned out to be incorrect. The office at Broadway Mansions was established by some Japanese ronins and Chinese rascals with the aim of luring opium merchants into

their trap and swindling them. The General Opium Suppression Bureau for the Three Provinces of Kien-su, Chekiang and Anhwei is to be established in Nanking as soon as a suitable commissioner is secured. The puppet officials and opium merchants behind the scheme at first nominated Mr. Chen Shao-wei (陳少微), alias Chen Yi-sheng (陳易生), Director of the Sino-Japanese Economic Bureau (中日經濟局), for the post, but he declined for fear of being held responsible in case he could not raise the required revenue for the Japanese because he himself is a wealthy man.

Mr. Chen, it may be mentioned here, is Dr. Lansing Ling's (林長寧) brother-in-law, formerly director of the Hankow Opium Tax Bureau and business associate of Mr. Raven of the American Oriental Bank and Asia Realty Company. Since he refused the offer, the names of Mr. Wu Hsien (吳錫), a Fukien politician, and Mr. Chiu Fang-po (邱方波), Mr. Tu Yuch-seng's associate in underworld activities and for some time director of the puppet

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Opium Suppression Bureau of Chekiang, were mentioned for the post, but the proposal did not materialize. Recently, Mr. Chao Hang-liang (趙衡良), a staff member of the puppet Ministry of Interior, came to Shanghai to sound out the opinion of various opium merchants in town and finally decided to recommend Mr. Li Wen Ping (李文濱) for the post, with Mr. Hsu Tsen-ta (徐成達) as the deputy commissioner. Mr. Li was formerly manager of the Hwa Tung Book Company (華通書局) of Shanghai, owned by Mr. Chen Chun, and now head of the General Affairs Department of the puppet Ministry of Interior, while Mr. Hsu is related to Mr. Chen Shao-wei. Most probably these two men will receive the offer to take charge of the opium monopoly scheme in this part of China.

It is learned from this same source that a minimum of 100 chests of opium per month is required by the Japanese for distribution in Shanghai alone. Opium could be purchased by the Japanese at Jehol and Manchuria for less than \$1 a tael, while it is sold at wholesale to the opium

suppression bureaus and opium merchants at \$7 to \$8 per tael. For retail it is sold at from \$10 to \$16. In this way both the Japanese and the puppets can make a considerable amount of profit.

The Japanese are preparing to employ another measure to whitewash the situation by ordering both the puppet Ministry of Interior and Ministry of Foreign Affairs to set aside \$2,000 each per month for opium suppression propaganda so as to cover their narcotization crimes.